



Weekly Ag Update

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Weather Summary Wool Production Mohair Production Livestock Outlook

Available on the Internet: www.nass.usda.gov/nm , or by e-mail (1-800-530-8810 for information)

WEATHER SUMMARY

A cool week overall that started warm and then finished with a cold snap. The chill that arrived Friday in the northeast and then settled into the central valleys and southern areas on Saturday was sharp enough so that weekly average temperatures were 2 to 5 degrees below normal. Measurable precipitation remained scarce and limited mainly to the far northeast plains.

NEW MEXICO WEATHER CONDITIONS - FEBRUARY 6 - 12, 2006

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	02/06 02/12	02/01 02/12	Normal Feb	01/01 02/12	Normal Jan-Feb
Farmington	33.1	55	11	0.00	0.01	0.57	0.40	1.16
Gallup	32.1	57	-1	0.00	0.00	0.74	0.38	1.54
Capulin	26.6	63	-9	0.21	0.21	0.56	0.36	0.96
Chama	29.1	57	-1	0.00	0.00	1.58	0.70	3.35
Johnson Ranch	24.8	53	-4	0.00	0.00	0.57	0.06	1.24
Las Vegas	30.9	65	-5	0.00	0.00	0.48	0.03	1.08
Los Alamos	33.0	57	5	0.00	0.01	0.80	0.16	1.66
Raton	27.8	66	-7	0.05	0.06	0.54	0.21	1.01
Red River	21.8	51	-8	0.00	0.30	1.22	0.73	2.29
Santa Fe	33.2	62	5	0.00	0.00	0.69	0.04	1.32
Clayton	34.9	70	7	0.00	0.00	0.31	0.06	0.55
Clovis	38.9	67	14	0.00	0.03	0.51	0.03	0.90
Roy	31.9	65	1	0.01	0.01	0.43	0.06	0.77
Tucumcari	38.4	70	8	0.00	0.00	0.45	0.07	0.73
Grants	31.4	61	2	0.00	0.02	0.51	0.20	1.00
Quemado	29.6	60	-1	0.00	0.00	0.72	0.66	1.55
Albuquerque	38.2	60	17	0.00	0.00	0.46	0.04	0.90
Carrizozo	35.9	66	6	0.00	0.00	0.57	0.00	1.17
Socorro	36.6	64	7	0.00	0.00	0.39	0.02	0.78
Gran Quivera	36.5	65	6	0.00	0.00	0.82	0.00	1.52
Moriarty	29.5	63	-1	0.00	0.01	0.48	0.01	0.91
Ruidoso	34.3	64	8	0.00	0.00	1.16	0.21	2.28
Carlsbad	42.4	71	17	0.01	0.01	0.35	0.01	0.70
Roswell	38.6	71	11	0.00	0.00	0.46	0.00	0.89
Tatum	37.4	70	11	0.00	0.00	0.50	0.00	0.89
Alamogordo	46.1	67	24	0.00	0.00	0.54	0.00	1.21
Animas	46.9	67	27	0.00	0.00	0.51	0.20	1.19
Deming	43.9	67	17	0.00	0.00	0.46	0.35	1.02
Las Cruces	45.6	71	24	0.00	0.00	0.37	0.02	0.83
T or C	41.9	65	20	0.00	0.00	0.38	0.06	0.84

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

WOOL PRODUCTION

NEW MEXICO: Number of sheep shorn in New Mexico during 2005 increased 15,000 head from 2004 to 155,000 head. The weight per fleece also increased from 7.3 pounds in 2004 to 7.4 pounds in 2005. Production totaled 1.15 million compared to 1.02 million pounds a year earlier. Average price per pound was up by 20 cents to \$1.20, which increased total value of production by 35 percent to \$1.38 million dollars in 2005.

UNITED STATES: Shorn wool production in the United States during 2005 was 37.2 million pounds, down 1 percent from 2004. Sheep and lambs shorn totaled 5.07 million head, down slightly from 2004. The average price paid for wool sold in 2005 was \$0.71 per pound for a total value of 26.3 million dollars, down 12 percent from 29.9 million dollars in 2004.

Wool: Number of Sheep and Lambs Shorn, Weight per Fleece, Production, Price per Pound, and Value by State And United States, 2004-2005

	Sheep Shorn		Weight Per Fleece		Production		Price Per Pound		Value ^{1/}	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	---1,000 Head---		-----Pounds-----		----1,000 Pounds----		-----Dollars-----		----1,000 Dollars---	
AZ	90.0	95.0	6.4	5.9	580	560	0.30	0.30	174	168
CA	480.0	500.0	7.1	7.0	3,400	3,500	0.82	0.70	2,788	2,450
CO	390.0	420.0	6.6	6.3	2,570	2,650	0.85	0.63	2,185	1,670
ID	225.0	210.0	9.4	9.0	2,125	1,890	0.88	0.75	1,870	1,418
IL	60.0	57.0	6.8	6.8	405	385	0.26	0.35	105	135
IN	43.0	42.0	6.4	6.4	275	270	0.21	0.17	58	46
IA	230.0	220.0	6.0	5.8	1,370	1,270	0.34	0.27	466	343
KS	66.0	63.0	7.3	6.8	485	430	0.57	0.40	276	172
KY	20.0	18.0	6.8	6.7	135	120	0.31	0.50	42	60
MD	15.0	17.0	6.9	7.0	103	119	0.41	0.56	42	67
MI	76.0	81.0	5.8	5.9	440	480	0.45	0.39	198	187
MN	140.0	150.0	6.5	6.5	910	970	0.37	0.38	337	369
MO	61.0	67.0	6.1	6.5	375	435	0.40	0.37	150	161
MT	267.0	260.0	9.3	9.6	2,472	2,490	1.17	0.98	2,892	2,440
NE	83.0	85.0	7.2	7.1	600	600	0.43	0.40	258	240
NV	55.0	54.0	9.3	9.3	510	500	0.94	0.87	479	435
N ENG ^{1/}	40.0	41.0	7.1	7.1	284	293	0.45	0.45	128	132
NM	140.0	155.0	7.3	7.4	1,020	1,150	1.00	1.20	1,020	1,380
NY	53.0	49.0	6.7	6.7	356	330	0.21	0.19	75	63
NC	10.0	7.0	6.4	6.1	64	43	0.38	0.49	24	21
ND	82.0	78.0	9.1	8.8	745	690	0.75	0.60	559	414
OH	140.0	133.0	6.5	6.0	903	800	0.34	0.28	307	224
OK	50.0	45.0	6.2	6.0	310	270	0.50	0.40	155	108
OR	173.0	190.0	6.3	6.3	1,090	1,190	0.65	0.64	709	762
PA	68.0	71.0	6.5	6.5	440	460	0.27	0.27	119	124
SD	345.0	330.0	7.6	7.8	2,610	2,582	0.72	0.60	1,879	1,549
TN	16.0	17.0	6.2	6.2	99	105	0.53	0.47	52	49
TX	810.0	800.0	6.9	6.9	5,600	5,550	1.02	0.96	5,712	5,328
UT	245.0	235.0	9.2	9.3	2,250	2,180	0.83	0.71	1,868	1,548
VA	36.0	37.0	6.3	6.0	226	223	0.40	0.42	90	94
WA	40.0	40.0	8.2	8.1	326	324	0.80	0.68	261	220
WV	24.0	23.0	5.6	5.8	134	133	0.43	0.48	58	64
WI	70.0	67.0	7.1	7.3	500	490	0.30	0.30	150	147
WY	390.0	380.0	9.3	9.3	3,640	3,530	1.17	1.00	4,259	3,530
Oth Sts ^{2/}	40.0	35.0	6.8	6.3	270	220	0.65	0.70	176	154
U.S.	5,073.0	5,072.0	7.4	7.3	37,622	37,232	0.80	0.71	29,921	26,272

^{1/} Production multiplied by marketing year average price. U.S. value is summation of State values. ^{2/} N ENG includes CT, ME, MA, NH, RI, and VT. ^{3/} Other States include AL, AK, AR, DE, FL, GA, HI, LA, MS, NJ, and SC.

MOHAIR PRODUCTION

NEW MEXICO: Goats clipped in New Mexico in 2005 remained unchanged from the prior year at 10,000 head. The 2005 average clip per goat increased to 7 pounds per goat yielding a total production of 70,000 pounds. Price per pound increased from \$1.10 in 2004 to \$3.25 in 2005. The rise in price resulted in an increase in the total value from \$70,000 to \$228,000.

UNITED STATES: Mohair production in the United States during 2005 was 1.82 million pounds. Goats and kids clipped totaled 273,000 head. Average weight per clip was 6.7 pounds. Mohair price was \$2.78 per pound with a value of 5.1 million dollars.

Mohair: Production, Price and Value by Selected States and 3-State total, 2004-05 ^{1/}

State	Goats Clipped		Avg. Clip Per Goat		Production		Price Per Pound		Value	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	----1,000 Head ----		-----Pounds-----		----1,000 Pounds---		-----Dollars-----		----1,000 Dollars----	
AZ	25,000	25,000	5.0	4.8	125	120	1.10	1.10	138	132
CA ^{1/}	2,500	3,000	8.0	9.0	20	27	1.70	3.00	34	81
NM	10,000	10,000	6.4	7.0	64	70	1.10	3.25	70	228
TX	210,000	210,000	7.7	7.0	1,620	1,470	2.10	3.00	3,402	4,410
Oth. Sts. ^{2/}	25,000	25,000	5.0	5.4	125	135	1.50	1.65	188	223
U.S.	272,000	273,000	7.2	6.7	1,954	1,822	1.96	2.78	3,832	5,074

^{1/} Production multiplied by marketing year average price. U.S. value is summation of State values. ^{2/} Other states include AL, AK, AR, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, UT, VT, VA, WA, WV, WI, and WY.

LIVESTOCK OUTLOOK

January 19, 2006

Cow Herd Expansion To Enter Second Year: The January *Cattle* inventory report, to be released January 27, is expected to verify that herd expansion is continuing, with higher total inventory numbers expected for the second year in a row. The beef cow inventory is expected to be up, as are replacement heifer inventories for both beef and dairy. Impetus for herd rebuilding remains strong with relatively tight beef supplies, particularly for Choice beef, and the reopening of the Japanese market for higher quality fed beef in December 2005. The Japanese market represented the United States' most important pre-BSE foreign market for beef, which combined with Mexico and Canada, accounted for two-thirds of pre-BSE U.S. beef exports. The South Korean market accounted for another nearly 25 percent of pre-BSE exports. The recent announcement of the reopening of the South Korean market will likely add demand strength to the U.S. beef market. Beef exports are expected to begin by late March for boneless beef from cattle under 30 months of age.

It likely will take several years to again regain pre-BSE levels of U.S. beef exports, as domestic supplies remain very tight. However, as herd expansion continues and more cattle are age-verified, exports will continue to expand. Present age restrictions and strong domestic demand for very tight supplies of Choice and Prime beef will keep prices high, slowing resumption of trade to the pre-BSE levels of 2002 and 2003.

Winter pasture conditions, including winter wheat, have deteriorated significantly over the last several months, particularly in the Great Plains, and many parts of the Northwest remain dry. Many feeder cattle have been moved into feedlots prematurely, some for back grounding and some placed on finishing rations. Feeder steer prices continue strong and are running about 7 percent higher than a year ago, although they have slipped since November as the drought worsened.

About 40 percent of the cattle being imported from Canada are feeder cattle going directly to feedlots. The newly announced tariff (about US \$1.65 per bushel) on corn imported into Canada from the United States will likely result in additional movement of cattle into the United States from Canada. The degree to which the import duty affects feeder vs. slaughter cattle likely will depend on Canadian programs to refund the duty on cattle exported to the United States. Unusually tight supplies of Choice cattle for this time of the year continue to present a problem, even more so with the opening of the Japanese and South Korean markets, which take higher marbled beef cuts. During the first half of January, the Choice-over-Select premium remained very wide. As a result, fedcattlepriceshave remained firm, with prices 7 percent over a year earlier.

Deteriorating Pasture Conditions Push Cattle Into Feedlots: The cow/calf /feeder sector continues to maintain its favorable profit picture, despite deteriorating pasture conditions and high energy prices. Calf prices at Oklahoma City were lower during the second week of January, likely reflecting the deteriorating pasture situation and to some extent rising protein meal prices. This makes supplemental winter feeding more costly, though still relatively favorable.

Fed cattle breakeven prices for spring are in the mid-\$90s and will need to remain in this range to provide feeder cattle price support. Grain prices remain below year earlier levels, supporting placements and feeder cattle prices.

Cattle feeders are in the black with fed cattle prices currently in the mid-\$90 range, but prospects for this spring and summer as supplies increase are less favorable. Recent support has come from the recently opened Japanese, South Korean, Hong Kong, and other markets. Prospects for additional markets reopening, and the relative short supply of Choice cattle provide additional support. The quarterly *Cattle on Feed* report to be issued January 20 will likely indicate proportionally fewer heifers on feed, further signaling a continued buildup in the national cow herd. Improved grading prospects and larger numbers of cattle on feed will pressure the market, as will larger supplies of competing meats at relatively lower prices.

Markets Continue To Chase Choice Beef: During the first week in January, the Choice-over-Select premium was over \$15 per cwt, but has since declined somewhat. As a result, carcass prices are 6 percent over year-ago prices. Beef production and cattle slaughter through mid-January was running about 2 to 3 percent below a year earlier.

Consistent with cowherd inventory building, cow slaughter was down about 6 percent for 2005, compared with 2004. Although fourth-quarter cow slaughter is only down about 3 percent, it is sharply below 2003 levels. Similarly, 2005 heifer slaughter was about 6 percent below 2004 slaughter, and fourth-quarter slaughter was nearly 7 percent lower. These indicators will be born out as the January 1 inventories are published, indicating further inventory building. Calves from these inventory-building efforts will not begin exiting feedlots as fed/slaughter cattle until 2007. Thus, any significant increases in beef production will have to come from heavier slaughter weights, feeder cattle imports from Canada and Mexico, or fed cattle imports from Canada, all of which are dependent on adequate crop and pasture conditions during the remainder of 2006.

Calf slaughter, mostly made up largely of dairy steer calves, is about 17 percent below mid-January 2005 levels. Calf slaughter weights, averaging 40 to 50 pounds (about 14 percent) over January 2005 levels, are helping to maintain veal production at levels only about 3 percent below this time in January 2005. The number of bob veal calves slaughtered (those calves usually slaughtered at less than 150 pounds) is about 33 percent lower than year-earlier levels, while formula-fed calf slaughter (those calves usually fed to 300 to 450 pounds) is about steady with last year. These factors suggest more veal calves are being shifted to pasture or other back grounding situations as feeder cattle eventually headed to feedlots, as is often the case when feeder calf prices are relatively high.

With the beef industry moving past the holiday season, retail markets are settling into more typical patterns. Retail prices for Choice beef continue to strengthen from late summer lows set in September at \$3.92 a pound. Prices averaged \$4.06 in December with fourth-quarter 2005 retail prices averaging \$4.02, still nearly 1 percent below a year earlier. There are indications, primarily in the form of boxed beef prices averaging above last year, and narrowing wholesale-to-retail price